



# State of Utah

DEPARTMENT OF COMMERCE  
Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held  
in the Heber M Wells Building, Salt Lake City, on 12 October 2004.

Dee Jay Hammon called the meeting to order at 9:32 a.m. in Room 4A, Heber M Wells Building.

## Members of the Committee in Attendance:

Franz Amussen  
Kelly Casaday

Ryan Atkinson  
Dee Jay Hammon

Kent Bateman  
Betsy Wolf

## Staff in Attendance:

Roger Ball  
Cheryl Murray  
Reed Warnick

Kelly Francone  
Eric Orton  
Nancy Kelly

Dan Gimble  
Paul Proctor  
Chris Keyser

## Members of the Public in Attendance:

Dave Anderton  
Daniel Frei

Barrie McKay  
Jason Back

Kathy Van Dame

## 1. Administrative Matters

### 1.1. Welcome and Apologies for Absence

Dee Jay Hammon welcomed all those present. Oliwia Smith was excused.

### 1.2 Minutes of Previous Meetings

Kent Bateman proposed that the minutes of the Committee meetings of 1 June and 31 August 2004 be approved. Kelly Casaday seconded the proposal, which passed unanimously.

### 1.3 Dates and Locations of Next Meetings

Tuesdays, 30 November 2004 and 11 January 2005 were scheduled for the next meetings of the Committee, at 9:30am to 2:30 p.m., in Room 4A of the Heber M Wells Building. Meetings during the legislative session will be held in Room 210.

## 2 Gas

## 2.1 1999 Test Year Rate Case – the CO<sub>2</sub> Issue

### PSC's Refund Order & Questar's Petition for Reconsideration

Reed Warnick, Committee attorney explained that Questar Gas Company has filed with the PSC a petition for reconsideration of its Order requiring Questar to refund customer payments for its carbon dioxide processing plant costs. Reed is preparing a response requesting that the PSC deny the petition.

## 2.2 Gas Quality Investigation

Reed said that the PSC had ordered an investigation into Questar's quality of gas and a task force has been formed.

## 2.3 September 2004 Pass--Through

Eric Orton explained that Questar has been filing pass-through more frequently than the normal six months due to increasing gas prices.

## 2.4 Weatherization

Kelly Francone provided an update on Questar Gas Company's low-income weatherization program. DCED was able to weatherize more homes last year due to an additional \$1M in federal funding.

# 3 Electric

## 3.1 Open Bidding / RFP Process

Kelly said that parties have met with the Energy Policy Task Force to explain their positions and answer questions. Senator Blackham is preparing draft legislation.

## 3.2 Lake Side Power Project

Cheryl Murray provided an update on PacifiCorp's request for a Certificate of Convenience and Necessity to build the Lake Side Power Project. The Division filed testimony that the Certificate should be granted. The Committee testified that PacifiCorp has a need for capacity but took no position on the specific plant.

## 3.3 Sale of Power in Excess of 1MW by Qualifying Facilities (QFs) to PacifiCorp (Schedule 38) – Avoided Cost Methodology

Kelly Francone explained that discussions regarding establishing an avoided cost methodology have been on going. A report is due to the Commission on 20 December 2004. PacifiCorp has been reluctant to provide a production cost method and UAE recently provide a proxy method. Agreement on a methodology has not been reached.

## 3.4 Update on Proposed Qualifying Facility Contracts

Kelly reported that Desert Power has applied for and been granted a QF

contract to provide firm power to PacifiCorp. Tesoro requested and has been granted a non-firm contract. The Committee recommended that the Tesoro 16 month contract be re-evaluated rather than simply extended. The Commission agreed. Kennecott and US Magnesium have both requested non-firm QF contracts with PacifiCorp. Spring Canyon has requested a firm QF contract; however, that request exceeds the 275MW cap in the stipulation parties agreed to while a more permanent Avoided Cost is developed.

### 3.5 Rocky Mountain Area Transmission Study (RMATS)

Nancy Kelly provided an update on the RMATS. The Study looked at the benefit of adding transmission lines to bring wind and coal electric generation from Wyoming to western markets. The next phase will look at how to get three transmission lines built and to determine who will be the generator and transmission builders.

### 3.6 PacifiCorp's 2004 Integrated Resource Plan (IRP)

Nancy stated that PacifiCorp is expected to file the 2004 IRP final Report in December 2004. This Report will contain the new plan of how PacifiCorp will meet load growth.

### 3.7 Regional Transmission Organization -- GridWest

Nancy reported that a new Henwood study commissioned by a public utility district in Washington State shows that GridWest would be unprofitable. It would provide yearly benefits of approximately \$78M at a yearly cost of \$200M.

### 3.8 PacifiCorp's Claims for Major Event Treatment of Outages

Reed Warnick discussed that PacifiCorp claim of a Major Event. Reed is drafting responses to the DPU's memo to the Commission recommending that PacifiCorp's claims of Major Event exclusion be granted for event numbers seven, eight, nine and ten, and to PacifiCorp's Utah Holiday Storm 2003 Report.

### 3.9 Weatherization

Kelly Francone described PacifiCorp's low-income weatherization program. ScottishPower provided the program as one of the conditions of the ScottishPower/PacifiCorp Merger. That commitment has been fulfilled and the Company now proposes to modify the program and continue it as a DSM tariff.

### 3.10 PacifiCorp's Fiscal Year 2006 Test Year Rate Case

Dan Gimble explained that parties had stipulated to the use of a future test year, FY 2006 for PacifiCorp's Rate Case. This stipulation has no precedent for future rate cases and the company agreed not to file a further rate case prior to 1 January 2006 unless specific conditions arise.

### 3.10.1 Consideration of Two Contract Amendments

Betsy Wolf proposed to extend the termination dates of contracts with Arndt & Associates and Hill & Associates to 30 June 2005. Ryan Atkinson seconded the motion and it passed unanimously.

## 4 Telecom

### 4.1 Pricing Flexibility

Paul Proctor reported that he is awaiting the preparation of the case transcript and record to be sent to the Utah Supreme Court. He further said that Qwest has not supplied price lists for pricing flexibility in any of the approved areas.

### 4.2 Uintah Basin Telecom Association (UBTA)-UBET Merger

Paul said that UBTA would liquidate its assets, as non-taxable and UBET will transfer its assets to UBTA to create a non-profit co-op.

### 4.3 Federal Communications Commission Unbundling Proceeding

Paul noted that there is currently a proceeding before the Federal Communications Commission (FCC). The DC Circuit Court invalidated the FCC ruling.

## 5 Closed Meeting – To Discuss Pending or Reasonably Imminent Litigation

Franz Amussen proposed that the Committee go into executive session to discuss pending or reasonably imminent litigation. Kent Bateman seconded the motion and it passed unanimously.

Franz Amussen proposed that the Committee return to open session. Kelly Casaday seconded the proposal, which passed unanimously.

## 6 Motions on Matters Discussed in Closed Meeting

The Committee took no action on matters discussed in closed meeting.

## 7 The Committee: Its Function and its Future

## 8 Other Business

Roger Ball discussed that Committee Members need to complete the per diem expense forms themselves.

The need for additional funding for the Committee was discussed.

Roger encouraged Committee Members to engage the new Governor's transition team and meet with legislators.

Kelly Casaday proposed that the meeting adjourn, and the meeting ended at 2:23 p.m.